

Message Text

LIMITED OFFICIAL USE

PAGE 01 SEOUL 00659 290050Z

13-12

ACTION EA-09

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 DODE-00 PA-01 PRS-01 /079 W

----- 076171

R 282354Z JAN 76

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 5199

INFO AMEMBASSY TOKYO

LIMITED OFFICIAL USE SEOUL 0659

EO 11652: N/A

TAGS: EAID, PFOR, KS, JA

SUBJECT: AGREEMENT REACHED ON DELAYED 1975 JAPANESE AID TO ROK

REF: SEOUL 0027, 75 TOKYO 18240, TOKYO 1232

SUMMARY: ROK NEGOTIATOR CONFIRMS AGREEMENT WITH GOJ ON
\$78.3 MILLION IN AID AND UP TO 660 MILLION IN JAPAN EXIM
FINANCING FOR POHANG AND YOSU PROJECTS DURING THIRD
WORKING LEVEL CONFERENCE. THE SHAVED DOWN PACKAGE
REGARDED AS SATISFACTORY IN VIEW OF GOJ SUPPORT
FOR COMMERCIAL PROJECTS. END SUMMARY

1. ASSISTANT MINISTER FOR ECONOMIC COOPERATION YI SON-KI
(LEE SUN-KI) OF ECONOMIC PLANNING BOARD WHO HEADED ROK
DELEGATION TO THE THIRD WORKING LEVEL CONFERENCE AT
TOKYO JANUARY 21-22 CONFIRMED TO EMBOFF PRESS REPORTS
THAT GOJ HAD AGREED TO A DELAYED 1974-75 AID PACKAGE
OF \$78.3 MILLION AS WELL AS TO PROVIDE CRITICAL
JAPAN EXIM BANK FINANCING UP TO \$660 MILLION STAGED
OVER A THREE-YEAR PERIOD FOR POHANG STEEL COMPANY
EXPANSION AND YOSU (YOCHON CHEMICAL PLANT) PROJECTS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SEOUL 00659 290050Z

JMOF VIEW REPORTED SECOND REFTEL PREVAILED AND CONCEPT

OF LOWER OFFICIAL JAPANESE AID BUT INCREASING PRIVATE COOPERATION FOR YEARS AHEAD WAS ACCEPTED BY ROK REPRESENTATIVES.

2. AID FROM THE JAPANESE OVERSEAS ECONOMIC COOPERATION FUND IS TO BE PROVIDED IN 1976 FOR AGRICULTURAL DEVELOPMENT (\$42 MILLION), SHINPOK RAILROAD DOUBLE TRACKING (\$14.3 MILLION), AND TELECOMMUNICATIONS MODERNIZATION (\$22 MILLION). LEE INDICATED THAT ALTHOUGH THE AMOUNTS WERE NOT AS HIGH AS HE TRIED FOR, HE IS "A LITTLE BIT HAPPY" WITH THE SHAVED DOWN PACKAGE. HE NOTED THAT SUCH BYPASSED PROJECTS AS THE SEOUL SUBWAY EXTENSION WOULD BE PICKED UP AGAIN IN 1976 DISCUSSIONS.

3. THE ASSISTANT MINISTER STATED THAT JAPANESE EXIM FINANCING OF THE POHANG STEEL COMPANY IS BASED ON EXPANSION TO 5.5 MILLION TON CAPACITY AND INVOLVES \$113 MILLION COMMITTED IN JFY 1975 AND \$223 MILLION IN JFY 1976 FOR A TOTAL OF \$336 MILLION. THE CONSTRUCTION OF THE YOCHON CHEMICAL PLANT AT YOSU WILL INVOLVE COMMITMENTS OF \$22 MILLION IN JFY 1976, \$240 MILLION IN JFY 1977, AND \$60 MILLION IN JFY 1978 FOR A TOTAL OF \$322 MILLION. THEREFORE, ON AN ANNUAL BASIS, IN ADDITION TO THE \$113 MILLION ALREADY PROVIDED FOR POHANG, JAPAN EXIM GUARANTEED LOANS FOR THESE PROJECTS WILL TOTAL \$245 MILLION IN 1976, \$240 MILLION IN 1977, AND \$60 MILLION IN 1978 FOR A GRAND TOTAL OF \$658 MILLION UNDER A GENERAL CEILING OF \$660 MILLION FOR THE TWO PROJECTS. HE NOTED THAT INASMUCH AS THE AVAILABILITY OF CRITICAL EXIM GUARANTEES FOR THE TWO PROJECTS HAD EARLIER BEEN IN DOUBT, ROK OFFICIALS CONSIDER THAT A GOOD BARGAIN HAS BEEN STRUCK WHICH AUGURS WELL FOR SIGNIFICANT GOJ PARTICIPATION IN KOREAN DEVELOPMENT DURING THE FOURTH PLAN TO BEGIN IN 1977.

4. EMBASSY TOKYO REPORT JUST RECEIVED (THIRD REF) APPEARS CONSISTENT WITH ABOVE, ASSUMING SMALL DIFFERENCES IN DOLLAR FIGURES ARE DUE TO USE OF DIFFERENT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SEOUL 00659 290050Z

EXCHANGE RATES.
ERICSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976SEOUL00659
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760033-1125
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760113/aaaaalbf.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 SEOUL 27, 76 TOKYO 18240, 76 TOKYO 1232
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2004 by ifshinsr>; APPROVED <02 JUN 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AGREEMENT REACHED ON DELAYED 1975 JAPANESE AID TO ROK
TAGS: EAID, PFOR, KS, JA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006